



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

July 11, 2000

CERTIFIED RETURN RECEIPT  
Z 230 748 215

Anthony Thomas Peck, President  
Thomas J. Peck and Sons, Inc.  
415 South 600 East  
Lehi, Utah 84043

Re: Transfer of Nephi Gypsum Mine from Thomas J. Peck and Sons, Inc., to Anthony Thomas Peck and Robert L. Steele, M/023/011, Juab County, Utah

Dear Mr. Peck:

On July 10, 2000, you and Robert Steele met with Division Minerals staff in order to complete the transfer of the Nephi Gypsum Mine. As President of Thomas J. Peck and Sons, Inc., you authorized the Nephi Gypsum Mine be transferred from Thomas J. Peck and Sons, Inc. to you as an individual and to Robert L. Steele, both jointly and severally responsible for continued mining and reclamation of this mine.

The Division currently holds a \$36,000 Letter of Credit (LOC) # issued by First Security Bank as interim surety for this mine site. This interim surety was posted until the reclamation plan was updated and an accurate surety estimate could be prepared. The Division performed a site inspection to update the reclamation plan and then prepared a revised surety estimate which has been escalated to year 2005 dollars. The amount required to reclaim this site is \$32,500. Both you and Mr. Steele chose to leave the existing surety in place rather than obtain a new surety for the reduced amount. A Reclamation Contract was also completed and finalized during the meeting which is tied to the existing \$36,000 surety.

Enclosed is the signed and executed transfer document *which effectively transfers the responsibility of continued mining and reclamation to you and Mr. Steele*. Also enclosed are copies of the executed Reclamation Contract and existing LOC for your files. You and Mr. Steele are now the principal parties responsible for all mining and reclamation obligations for this project.

We have also enclosed some older documents, listed as Enclosure #2, for your disposal. They include: the original transfer document and original reclamation contract received August 4, 1995, which were never finalized; the original 1988 Collateral Bonding and Indemnity Agreement with accompanying LOC #1, #1, and #1, issued by Deseret Bank. Please dispose of these older documents.

Page 2


Anthony Thomas Peck

M/023/011

July 11, 2000

*By copy of this letter the Division hereby officially releases Thomas J. Peck and Sons, Inc. from any further reclamation responsibilities at this site.* Thank you for your help in finalizing this transaction. If you have any questions or concerns regarding this letter or the enclosed documents, please contact D. Wayne Hedberg or Tom Munson at (801) 538-5286 and 538-5321 respectively. Best of luck with your continued mining activities.

Sincerely,



Lowell P. Braxton  
Director

jb

Enclosures #1: Executed MR-TRL, MR-RC, & copy of existing LOC

#2: 8/4/95 MR-TRL & MR- RC, 1988 Collateral

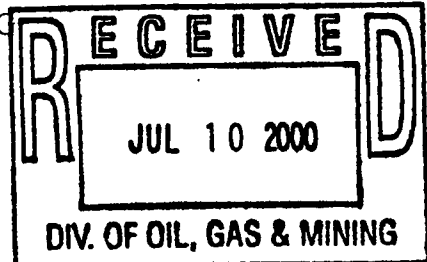
Bonding & Deseret Bank LOC's # 1, 2, & 3

cc: Robert L. Steele, w/encl #1

M23-11-apv

For Division Use:  
File No.: M/023/011  
Effective Date: July 12, 2000  
DOGM Lead: TM

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940



TRANSFER OF NOTICE OF INTENTION  
LARGE MINING OPERATIONS

--ooOoo--

1. (a) Notice of Intention to be transferred (file number): M/023/011  
(b) Name of mining operation: Nephi Gypsum mine  
(c) Location of mining operation (county): Juab County  
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):  
Thomas J. Peck and Sons, Inc.  
415 South 600 East  
Lehi, Utah 84043
2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):  
Anthony Thomas Peck 76 S 600 E Lehi, Utah (801) 768-3823  
Robert L. Steele 1075 N 400 E Nephi, Utah (801) 623-1877  
Owners of said property  
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:  
Robert L. Steele  
1075 N 400 E  
Nephi, Utah 84648 (801) 623-1877
3. (a) The total disturbed area identified in the approved notice of intention: 12.15  
(b) The actual number of acres disturbed by the operation through date of transfer: 12.15

- (c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified.
- 4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC)

STATE OF Utah )  
 ) ss.  
COUNTY OF Salt Lake )

### SWORN STATEMENT OF TRANSFEROR

I, Anthony Thomas Peck being first duly sworn under oath, depose and say that I am President (officer or agent) of Thomas J. Peck & Sons, Inc (Corporation/Company Name); and that I am duly authorized to execute and deliver the foregoing obligations; that I have read the said application and fully understand the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief. By execution of this statement I certify that the Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Notice of Intention No. M/023/011.

Anthony Thomas Peck  
Signature

Anthony Thomas Peck  
Name (type or print)

President  
Title

Subscribed and sworn before me this 10<sup>th</sup> day of July, 2000.

Victoria A. Bailey  
Notary Public  
Residing at: SALT LAKE CITY, UTAH

My commission Expires:

February 29, 2004.



STATE OF Utah )  
 ) ss.  
COUNTY OF Salt Lake )

### FINAL SWORN STATEMENT OF TRANSFEREES

We, Anthony Thomas Peck and Robert L. Steele  
being first duly sworn under oath, depose and say that we are the owners of  
the Nephi Gypsum Mine and that we are duly authorized to execute and deliver the  
foregoing obligations; that we have read the application and fully understand the contents thereof; that  
all statements contained in the transfer application are true and correct to the best of our knowledge and  
belief. By execution of this statement, the Transferees agree to be bound, jointly and severally, by the  
terms and conditions of Notice of Intention No. M/023/011, the Utah Mined Land Reclamation Act,  
and the Rules and Regulations promulgated thereunder.

Anthony Thomas Peck  
Signature

ANTHONY THOMAS PECK  
Name (type or print)

OWNER  
Title

Robert L. Steele  
Signature

Robert L Steele  
Name (type of print)

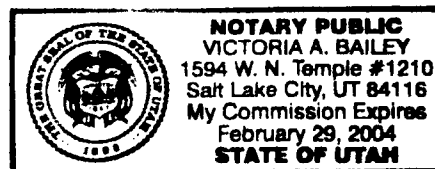
owner  
Title

Subscribed and sworn before me this 10<sup>th</sup> day of July, 2000.

Victoria A. Bailey  
Notary Public  
Residing at: SALT LAKE CITY, UT

My commission Expires:

February 29, 2004.



## CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A."
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A."

### COMMENTS:

*This transfer binds the operator, Anthony Thomas Peck and Robert L. Steele, both jointly and severally responsible for the continued mining and reclamation of this mining operation.*

APPROVED: Lowell P. Braxton  
Lowell P. Braxton, Director  
Division of Oil, Gas and Mining

Effective Date: 7/12/00  
NOI No.: M 023/01

## APPENDIX "A"

Anthony Thomas Peck & Robert L. Steele Nephi Gypsum  
Operator Mine Name  
M/023/011 Juab County, Utah  
Permit Number

### The legal description of lands to be disturbed is:

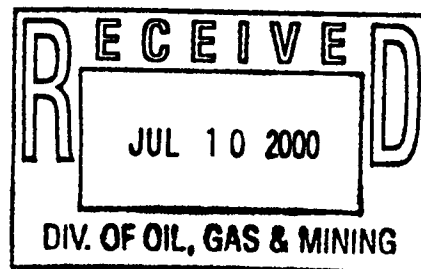
S1/2 of the NE1/4 of  
Section 3, Township 12 South, Range 1 East  
Juab County, Utah



FORM MR-RC  
Revised January 18, 2000  
RECLAMATION CONTRACT

File Number M/023/011  
Effective Date July 12, 2000  
Other Agency File Number N/A

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940



RECLAMATION CONTRACT  
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) (Mineral Mined)	<u>M/023/011</u> <u>Gypsum</u>
"MINE LOCATION": (Name of Mine) (Description)	<u>Nephi Gypsum Mine</u> <u>located approximately 2 miles East</u> <u>of the town of Nephi on Highway 132</u>
"DISTURBED AREA": (Disturbed Acres) (Legal Description)	<u>12.15</u> <u>(refer to Attachment "A")</u>
"OPERATOR": (Company or Name) (Address)  (Phone)	<u>Anthony Thomas Peck and</u> <u>Robert L. Steele</u> <u>1075 North 400 East</u> <u>Nephi, Utah 84648</u> <u>(801) 623-1877</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

Robert L. Steele

1075 North 400 East

Nephi, Utah 84648

(Phone)

(801) 623-1877

"OPERATOR'S OFFICER(S)":

Robert L. Steele - Owner

Anthony Thomas Peck - Owner

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

First Security Bank

#

"SURETY AMOUNT":

(Escalated Dollars)

\$36,000

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Anthony Thomas Peck & Robert Steele the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/011 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated January 14, 1988, and the original Reclamation Plan dated January 14, 1988. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Anthony Thomas Peck and Robert L. Steele  
Operator Name

By Anthony Thomas Peck - Owner  
Name and Position

Anthony Thomas Peck  
Signature

7-10-2000  
Date

and

By Robert L. Steele - Owner  
Name and Position

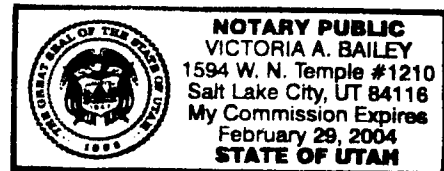
Robert L. Steele  
Signature

7-10-2000  
Date

STATE OF UTAH )  
COUNTY OF SALT LAKE ) ss:

On the 10<sup>th</sup> day of July, 2000, personally appeared  
before me Anthony Thomas Peck and Robert L. Steele  
who being by me duly sworn, did say that the said Anthony Thomas Peck  
and Robert L. Steele are the Owners of  
Nephi Gypsum Mine and duly acknowledged that they executed the  
foregoing document.

Victoria A. Bailey  
Notary Public  
Residing at: SALT LAKE CITY, UT  
February 29, 2004  
My Commission Expires:

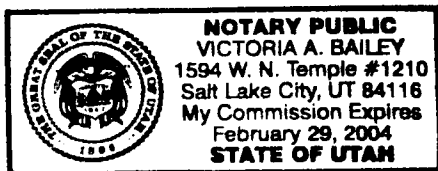


DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton 7/12/00  
Lowell P. Braxton, Director Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 12<sup>th</sup> day of July, 2000,  
personally appeared before me Lowell P. Braxton, who being  
duly sworn did say that he/~~she~~, the said Lowell P. Braxton  
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,  
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing  
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey  
Notary Public  
Residing at: Salt Lake City, UT

February 29, 2004  
My Commission Expires:

**ATTACHMENT "A"**

Anthony Thomas Peck and Robert L. Steele Nephi Gypsum  
Operator Mine Name  
M/023/011 Juab County, Utah  
Permit Number

**The legal description of lands to be disturbed is:**

S1/2 of the NE1/4 of  
Section 3, Township 12 South, Range 1 East  
Juab County, Utah



RENEWAL OF IRREVOCABLE STANDBY L/C NO.:

AMENDMENT NO.: 02

Issued in SALT LAKE CITY, UTAH 84111 on May 8, 2000

BENEFICIARY:

Utah Division of Oil, Gas, and  
Mining, 1594 W. North Temple  
Suite 1210  
Salt Lake City, Utah 84114

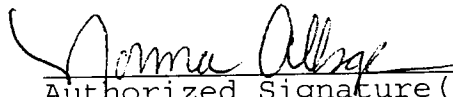
APPLICANT:

Anthony Thomas Peck  
76 South 600 East  
Lehi, Utah 84043

The above referenced Standby Letter of Credit has been renewed for one additional year per the original terms of the credit. The expiry date of this Letter of Credit is now to read: **May 8, 2001**

All other terms and conditions of this letter of credit remain unchanged.

Sincerely,

  
Authorized Signature(s)

**RECEIVED**

MAY 10 2000

DIVISION OF  
OIL, GAS AND MINING

Contact Name: Ranae Mason  
Telephone : (801) 246-5214  
Fax : (801) 246-5530



7/10/23/011

**First  
Security  
Bank.**

RENEWAL OF IRREVOCABLE STANDBY L/C NO.:

AMENDMENT NO.: 01

Issued in SALT LAKE CITY, UTAH 84111 on June 10, 1999

**BENEFICIARY:**

Utah Division of Oil, Gas, and  
Mining, 3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

**APPLICANT:**

Anthony Thomas Peck  
76 South 600 East  
Lehi, Utah 84043

The above referenced Standby Letter of Credit has been renewed for one additional year per the original terms of the credit. The expiry date of this Letter of Credit is now to read: **May 8, 2000**

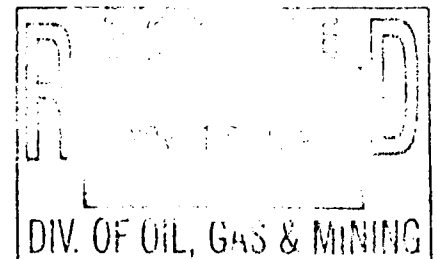
The Letter of Credit Number is now to read:

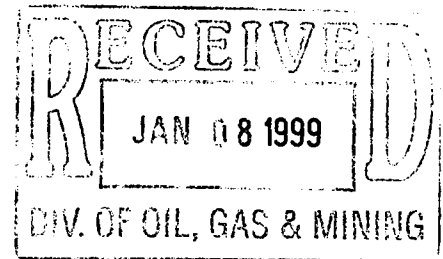
All other terms and conditions of this letter of credit remain unchanged.

Sincerely,

  
Authorized Signature(s)

Contact Name: Malynda Carter  
Telephone : 801-246-5663  
Fax : (801) 246-5530





AMENDMENT TO STANDBY LETTER OF CREDIT

AMENDMENT DATE: 06 JAN 1999

L/C #: ~~8709200100000~~  
LC ISSUED: 5/11/92  
AMENDMENT 1

BENEFICIARY:

Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

APPLICANT:

Anthony Thomas Peck  
76 South 600 East  
Lehi, Utah 84043

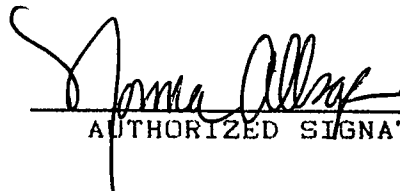
THE ABOVE MENTIONED LETTER OF CREDIT IS HEREBY AMENDED AS FOLLOWS:

AMOUNT INCREASED BY: USD \*\*\*18,100.00

WRITTEN AMENDMENT AMOUNT: EIGHTEEN THOUSAND ONE HUNDRED AND  
00/100 UNITED STATES DOLLARS

NEW AMOUNT: USD \*\*\*36,000.00

THIS AMENDMENT IS TO BE CONSIDERED AS PART OF THE ABOVE MENTIONED CREDIT AND  
MUST BE ATTACHED THERETO. ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

  
AUTHORIZED SIGNATURE(S)

**First  
Security  
Bank.**

M/023/011  
**RECEIVED**  
MAY 13 1992

DIVISION OF  
OIL GAS & MINING

IRREVOCABLE STANDBY LETTER OF CREDIT NO. ....

ISSUED IN Salt Lake City, Utah on 11 MAY 1992

**APPLICANT:**

Anthony Thomas Peck  
76 South 600 East  
Lehi, Utah 84043

**BENEFICIARY:**

Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

**AMOUNT:** USD \*\*\*17,900.00  
SEVENTEEN THOUSAND NINE HUNDRED  
AND 00/100 UNITED STATES DOLLARS

**DATE AND PLACE OF EXPIRY:**  
08 MAY 1993  
Our Counters

Gentlemen and Ladies:

1. First Security Bank of Utah, N.A., Salt Lake City, Utah, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$17,900.00 (SEVENTEEN THOUSAND NINE HUNDRED AND NO/100) in United States dollars ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the earlier of (a) 5:00 p.m. (Salt Lake City time) on May 8, 1993 and (b) the date upon which documents are executed pursuant to which the Division releases Anthony Thomas Peck ("Operator") from liability for the reclamation of the Nephi Gypsum Quarry, Permit No. M/023/011.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless First Security Bank of Utah, N.A. gives notice to the Division at least 90 days prior to the expiration date that we elect not to renew the Letter of Credit.
4. Funds drawn under the Letter of Credit are available against the Division's sight draft in the form of Exhibit A, specifying Letter of Credit No. .... delivered to the counters of the International Department of First Security Bank of Utah, N.A. at 15 East 100 South, Salt Lake City, Utah 84111. At the Division's sole election the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
5. If First Security Bank of Utah, N.A. receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4

**First  
Security  
Bank®**

L/C #:  
PAGE 2

above on or before the expiration or termination of this Letter of Credit, we will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following our receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. First Security Bank of Utah, N.A. will give prompt notice to the operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the bank's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 400, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the First Security Bank of Utah, N.A., International Department, 15 East 100 South, Salt Lake City, Utah 84111, referencing Letter of Credit No. \_\_\_\_\_.

  
\_\_\_\_\_  
AUTHORIZED SIGNATURE(S)